

Summary of Minutes

ECONOMIC DEVELOPMENT COMMISSION MEETING HELD ON FRIDAY, OCTOBER 22, 2010 AT 12:00 PM IN THE HOOKER CONFERENCE ROOM OF CITY HALL AT SHOWERS, 401 NORTH MORTON STREET, BLOOMINGTON, INDIANA

Call to Order

The meeting of the EDC was called to order at 12:11 PM.

Roll Call

Members present: Dick McGarvey, Kurt Zorn, Mike Satterfield.

Staff present: Danise Alano Martin, Economic and Sustainable Development Director; Adam Wason, Economic and Sustainable Development Assistant Director; Miah Michaelson, Economic and Sustainable Development Assistant Director; Margie Rice, City Legal Council; Shazia Davis, Intern.

Members of the public present: Denise Lessow, Pinnacle School; Karl Sturbaum, Bond Council; Randy Lloyd, First Capital Development Group.

Approval of Minutes

Mike Satterfield moved to approve the September 24, 2010 minutes by acclamation. Motion approved by general consensus.

New Business

Finding of Fact and Resolutions for ARRA Economic Development Recovery Zone Bonding

Adam Wason explained that the EDC is responsible for handling these Findings of Fact and Resolutions because the County Commissioners approved bond funding in September. Since both of these properties are within the City limits they must go through City approval process.

Karl Sturbaum explained that both are recoveries on facility bonds, which is procedure that ARRA permitted and expires at the end of this year. This allows projects previously not covered with tax financing to be financed tax-exempt until the end of the year. Specifically anything technology-oriented that does not involving housing can be considered. Therefore, they are taking advantage of that to do these two projects. First is a medical office facility and the other is Pinnacle's new facility on Arlington Road.

Statutes require a finding of fact and a report that is provided to the Planning Commission, who has 5 days to respond to it. If they don't respond to it, then it is deemed to be passed, which is typically what happens. The next step is to adopt a resolution approving the documentation. Basically there is an indenture between the City

and a Corporate Trustee for the bonds. Then there is a loan agreement between the City and the individual borrower. Most importantly, the terms of financing are written by the ultimate terms of the financing with the banks. It is typically purchased by a single bank, rather than sold to the public. Negotiations are ongoing with both of these to determine the terms. This provides blanket indemnification for the City. The City is not responsible for any issues that may arise.

Southern Indiana Medical Group primary care facility at 1302 S. Rogers Street

Randy Lloyd is present from First Capital, the development group that built the building for Southern Indiana Medical Group. He stated that the primary care facility building of the Southern Indiana Medical Group is complete. This stimulus package was approved last year. He explained that Southern Indiana Medical Group went to the County last year to ask about the stimulus package and it has taken the County this long, until the end of September 2010, to get to the point where they are ready to allocate funds. The two projects being presented today to the EDC are probably the only projects that will happen this year. Approximately five million is being allocated between the two projects.

The medical office building is 12,000 square feet. Their organization was seeking to move primary care back to Bloomington to enhance primary care availability in Bloomington. There is a real shortage of primary care physicians in Bloomington. Four new primary care physicians and a nurse practitioner are part of 23 new jobs that were created in the Thompson site. Mr. Lloyd thanked the City for its support throughout this project. He noted that this approval will allow for permanent financing.

Dick McGarvey asked if all of the new employees were working for the hospital and Mr. Lloyd said that was correct. Kurt Zorn questioned where the facility was located exactly; Mr. Lloyd and Mr. Sturbaum briefly described the location. Mr. Lloyd noted that they had incorporated a lot of green building techniques and designs including impervious concrete and recycled materials. Mr. McGarvey inquired as to whether there was a condition prohibiting initiation of construction prior to complete approval of funding. Mr. Lloyd replied that there was not. Mr. Sturbaum clarified that there is a provision in the internal written code that is called a reimbursement resolution that allows reimbursements up to 60 days preceding adoption of the resolution. Mr. Lloyd further explained that the stimulus package was for projects that are ready to go and therefore this is a good fit. The government does not have an organized approval process, and thus each organization must create their own. Mr. McGarvey asked if City approval is necessary due to location within the City and Mr. Lloyd responded that that was right.

Danise Alano Martin added that the City has been supporting the project through TIF funding and they are excited to see the project as well as the job growth come to pass. Mr. Zorn noted there is no legal liability and asked about whether City has a moral obligation; Mr. Sturbaum responded no, that obligation is strictly of the borrower. Mr. McGarvey asked about other development by Southern Indiana Medical Group. Mr. Lloyd said there are two additional sites where they are considering construction.

Mr. Zorn moved to adopt the findings of fact. Mr. Satterfield seconded the motion. All agreed and motion was approved by general consensus. Mr. Satterfield questioned whether the Economic and Sustainable Development Department staff should be reporting. Margie Rice explained that Mr. Sturbaum created the documents and therefore he is the best person to explain these issues. Mr. Satterfield moved to approve the report concerning the post financing bond at 1302 S. Rogers Street. Mr. Zorn seconded the motion. All were in favor and Mr. McGarvey noted that the motion was approved. Mr. Sturbaum explained that the following is to be designated as a public hearing. Mr. McGarvey motioned to open for comment and then motioned to close the public hearing. Mr. Zorn moved to close the hearing, Mr. Satterfield seconded, and motion was approved by general consensus.

Mr. Zorn moved to approve Resolution 10-7. The total cost is \$2.7 million, with financing of \$2.3 million. Mr. Satterfield seconded. Motion was approved by general consensus and this completed 1302 S. Rogers Street approval.

DePaul Reading and Learning Association, Inc. AKA Pinnacle School

Mr. Wason began the Pinnacle School discussion (\$2.1 million project) and Mr. Sturbaum noted that the approval process required for this organization is the same as the one just completed.

Denise Lessow explained the project. The Pinnacle School had the opportunity to move from 2224 East Second Street however, this was to rent rather than own the property. Therefore, they were delighted when they were able to buy the property at a public auction. There were three structures on the property: 1 residential and 1 commercial structure, and garage. They work with students with dyslexia. The total enrollment target for the school is 92 students and they are currently serving 76. They didn't have enough space to reach their goal. Formerly Pinnacle School was located at an area where there was no green space. There are many students that need part time assistance, but don't have sufficient room to do that. Pinnacle School would like to serve more people, do more outreach, and are unable due to space constraints. The new property provides the opportunity to meet many of these needs, fulfill their business plan, and help more people. There is green space, part time assistance will become available and more people can be served. Pinnacle School moved in, renovated, and invested funding last Thanksgiving. They are operating at reduced volume currently because there is not enough space. There is not enough classroom space, common space, and lack of other areas. Trailers are being utilized for storage. Funding for this project will enable an expansion that will allow them to be able to have public areas, tutoring spaces, and more.

Mr. McGarvey asked about remodeling the building. Ms. Lessow explained that they considered remodeling instead of expanding however the building was too small for them to meet all their needs. Pinnacle School is operating at two-thirds capacity of what they need and has a waiting list. This expansion will add classrooms, a computer room, a gymnasium, and other rooms. They are adding on to a 41,000 foot building and plan to do the expansion all in one phase in order to be more environmentally sound. Mr.

McGarvey asks about the waiting list to which Ms. Lessow responds that Pinnacle School believes this additional space will help them be able to serve all the students on their waiting list they are unable to serve now.

Mr. Wason asked Ms. Lessow to talk about employment growth due to the project. Ms. Lessow responded that 5 to 7 full-time teachers will be added as well as 3 more assistant positions. Mr. McGarvey asked if Pinnacle School was a non-profit. Ms. Lessow specified that Pinnacle School is a non-profit organization that is able to operate due to lots of scholarship programs and fundraising. Mr. McGarvey asked if they were ready to begin the expansion and Ms. Lessow responded that they were. All the permits are being completed right now.

Now Pinnacle School is located on Arlington Road. Mr. Satterfield commented that it seems growth has been steady on 3rd Street and questioned as to why there would be so much more growth now. Ms. Lessow responded that she thinks this may be due to misdiagnosis and improvements in technology. Yale, John Hopkins, and other research centers have been improving diagnosis procedures in the last 5-8 years. Pinnacle School has had several clients that simply come to get tested for the illness and diagnosed. Others may move to Bloomington solely to attend the Pinnacle School. They are doing cutting edge practices and are trying to spread the word on the techniques they utilize. Mr. Satterfield asks about clientele. Ms. Lessow responds that people are traveling long distances to come to their organization. 62% are local clients and the rest are from a 6-7 county area. The furthest client drives from an hour and forty minutes away. Sometimes clients will attend Pinnacle School for a period of time and then return to regular schooling.

Mr. Satterfield moved that the City approve the findings of fact and report. Mr. Zorn seconded. Motion was approved by general consensus. Mr. Wason opened the meeting to public comment on Pinnacle School. There were no comments. Mr. McGarvey closed the comment period. Mr. Zorn motioned to pass Resolution 10-8 regarding the Pinnacle School at Arlington Road. Mr. Satterfield seconded the motion and it was passed by general consensus.

Old Business

Bloomington Investment Incentive Fund Guidelines

Mr. Wason introduced the topic of the Bloomington Investment Incentive Fund Guidelines. Mr. McGarvey pointed out that he had an issue with the top of page 5, where grants funds given out are limited to \$50,000 per year. He thought that the EDC had decided that this stipulation would be removed from the guidelines or the amount would be reduced. Mr. McGarvey voiced that he thought this bullet point should be left out altogether because it infers that \$50,000 will be given out each year. Mr. Wason explained that the reason for this stipulation is so that no more than \$50,000 would be able to be given out in any one year. Mr. McGarvey again stated that he believed if the phrase was included, the amount should be reduced. Ms. Alano Martin stated that she is

more comfortable deleting the bullet altogether rather than reducing the amount. Mr. Zorn noted that he does not have a strong view one way or another. The grant portion altogether makes him uncomfortable. Ms. Alano Martin reminded the EDC that they had talked about the maximum grant amount being in terms of a percentage of the fund balance. She expressed that the Economic and Sustainable Development Staff did not do anything specific to change this portion of the guidelines. The Department wanted this to be the EDC's decision. Ms. Alano Martin expressed that the feeling of the ESD Department is that the grants given out have been extremely valuable and the fund balance has been managed well throughout the years. Staff is not in favor of eliminating the grant fund. It was decided to maintain the \$50,000 per year limit knowing that the EDC may like to discuss this matter, after which the ESD Department would be prepared to seek your guidance on a final decision. Mr. McGarvey stated that he felt if this program provides grant funding, there needs to be a way to recapitalize the fund. Mr. Satterfield put forth the scenario of an entity applying at some point and the ESD Department being forced to turn away applicants due to lack of available funds. Mr. Zorn said he believed people would apply for these funds to see if they are able to receive a majority rule. For him personally, the threshold for accepting grant applications is much higher than that for the loan. Mr. Zorn finished by saying that he also would rather not delete Part A, in order to limit the grant fund distribution to \$50,000 per year.

Mr. Zorn then suggested that the BIIF guidelines be approved and the EDC can put parameters on the guidelines so that when entities apply they will know what to expect. Miah Michaelsen informed the EDC that there are two grant applications in the works. These two applications should be submitted by the end of the year and there is another one expected next year. She pointed out that she discusses with grant applicants the need for a compelling case for job creation. The ESD Department expresses to grant applicants that they have a tough case to make and will be held to high standards.

Mr. McGarvey said that he feels that the \$50,000 per year infers that this is something the EDC will be awarding each year. He feels strongly that this is not the case. Mr. Zorn asked that we please go back to the discussion occurring two meetings ago when the BIIF guidelines were talked about. He would like to look at the notes from that meeting again in more detail. For now accepting the guidelines and furthering with more parameters is a good way to proceed. Mr. Wason and Ms. Alano Martin stresses that ESD staff are always looking at ways to recapitalize the fund.

Mr. McGarvey asked about the review committee for applications. Ms. Alano Martin pointed out that this review committee is not completely new. It did already exist, however previously their role was to lay out which City projects were happening and would be allowed to apply for the Bridge Loan. There was a brief discussion on the description of a City of Bloomington project for the Bridge Loan. Mr. McGarvey asked why the BRC meetings cannot be included with the EDC meetings. Mr. Satterfield pointed out that there is a representative of the EDC on the BRC to which Ms. Alano Martin agreed. Mr. McGarvey expressed concern regarding only having monthly meetings. Ms. Alano Martin responded that this part was phrased in that way in order to

leave the guidelines flexible enough to meet as often or less often as needed and be able to meet the guidelines.

Mr. Zorn moved to adopt the policies and guidelines for Resolution 10-09. Mr. Satterfield seconded. Mr. McGarvey noted that all agreed and motion was approved by general consensus.

Tax Abatement Guidelines

Ms. Alano Martin explained that Margie Rice and herself have noticed something that they had missed. If an entity is in a CRED or a TIF district, entities must receive approval from those bodies as well. State law no longer says that. It states that approval would be granted by the State's legislative body, which is City Council. They would like to take that section out to take into account this small change.

Next Meeting

The next meeting is scheduled for November 19. It will be a week earlier due to Thanksgiving.

Mr. Wason advised the Board about what is in the pipeline. In the next meeting there is a possibility that two Bridge Loan applications will be brought forward due to the West 3rd Street construction and also those grant applications that Ms. Michaelson mentioned earlier.

Mr. Zorn moved to adjourn the meeting and Mr. Satterfield seconded. Meeting was adjourned at 1:06PM.